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South Africa, Republic of

Grain and Feed

Monthly Update

2004

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Report Highlights:

FAS/Pretoria estimates the current South African corn crop at 9.6 million tons, 700,000 tons more than the South African Government's estimate. The revision is based on deliveries exceeding the estimate. The 2004 crop is due to be planted soon but a lack of rain is delaying planting. Good rains are currently needed to allow planting at the optimum planting dates. The 2004 wheat crop is estimated at 2 million tons, well short of domestic and regional needs. The shortfall will be imported, with a high percentage sourced from the USA.

Includes PSD Changes: Yes
Includes Trade Matrix: No
Unscheduled Report
Pretoria [SF1]
[SF]

SUMMARY

South Africa's 2003 corn crop (2003 indicating the year of planting) is currently estimated by the South African Department of Agriculture at 8.9 million tons, 1.9 million tons more than the initial estimate made in February.

We, however, estimate the 2003 crop at 9.6 million tons, about 700,000 tons more than the official South African estimate. The estimate is under pressure from deliveries exceeding the estimate. From March 2004 to the end of September about 8.92 million tons was received. Between October and the end of February 2005, another 80,000 tons can be delivered pushing the total to 9 million tons. Farm retentions are considered to be about 400,000, which must be added for a total commercial crop of 9.4 million tons. If the 200,000 tons in the developing sector is added the total crop estimated increases to 9.6 million tons and the average yield to 3.2 tons per hectare, the second highest on record. This is leading to a considerable oversupply, as exports have been slow.

Planting intentions for the new growing season, which is due to start soon, are to increase the area planted on commercial farms to 2.85 million ha. This could lead to another 9-million-ton-plus crop aggravating the oversupply at current prices and exchange rate. Weather is, however, becoming a concern. Rainfall to date has been low and temperatures high. Planting has been delayed and rain is urgently needed to get the season started.

The 2004 wheat plantings increased to 851,000 hectares after only 748,000 hectares were planted in 2003. The crop estimate is 1.98 million tons compared to the 1.54 million tons produced last year. A small import tariff of R18.67 or \$2.84/ton was announced in August, but this is not expected to affect imports, which reached about 1.28 million tons in 2003/04 and could reach 900,000 tons again in 2004/05.

US\$1=Rand 6.10 on 11/02/2004.

www.sagis.org.za

www.grainsa.co.za

www.safex.co.za

www.fews.net

www.wfp.org

www.grains.org

www.weathersa.co.za

CORN

Country South Africa

Commodity Corn

Area, 1000 ha.	2002	Revised	2003	Estimate	2004	Forecast
Production, 1000 mt.	USDA [Old]	Post [New]	USDA [Old]	Post [New]	USDA [Old]	Post [New]
Market Year Begin	05/2003		05/2004		05/2005	
Area Harvested	3650	3651	3200	3007	3300	3250
Beginning Stocks	1943	1945	2443	2420	2077	3070
Production	9675	9675	8934	9600	9300	9500
TOTAL Mkt. Yr. Imports	441	465	400	300	400	250
Oct-Sep Imports	617	730	500	420	300	200
Oct-Sep Import U.S.	21	82	0	10	0	10
TOTAL SUPPLY	12059	12085	11777	12320	11777	12820
TOTAL Mkt. Yr. Exports	1096	1125	1000	750	1000	1000
Oct-Sep Exports	1141	818	900	550	1000	500
Feed Dom. Consumption	4000	4000	4100	4000	4100	4050
TOTAL Dom. Consumption	8520	8540	8700	8500	8700	8500
Ending Stocks	2443	2420	2077	3070	2077	3320
TOTAL DISTRIBUTION	12059	12085	11777	12320	11777	12820

Production

South Africa's current, 2003 (referring to the year of planting), corn crop continues to surprise. The National Crop Estimates Committee released the eighth official estimate on September 20, 2004. The total crop was estimated at about 8.9 million tons, 27% more than the initial estimate. The following table contains the details:

Crop	FAS 2002	MY 03/04		FAS 2003	MY 04/05	
Corn	Area	Yield	Production	Area	Yield	Production
Commercial	'000 ha.	Mt./ha.	'000 mt.	'000 ha.	Mt./ha	'000 mt.
White	2232	2.85	6366	1728	3.09	5346
Yellow	953	3.17	3026	918	3.66	3360
Total	3185	2.95	9391	2646	3.29	8706
Developing						
White	368	0.60	221	282	0.61	171
Yellow	98	0.66	65	79	0.72	57
Total	466	0.61	286	361	0.63	228
Total corn						
White	2600	2.53	6587	2010	2.77	5517
Yellow	1418	2.18	3091	997	3.43	3417
Total	3651	2.65	9678	3007	2.97	8934

We estimate the 2003 commercial crop at 9.4 million tons, about 700,000 tons more than the official estimate. We base the bigger crop on actual deliveries to the silos, from March 2004 to the end of September about 8.92 million tons was received. Between October and the end of February 2005 another 80,000 tons can be delivered pushing the total to 9 million tons. Farm retentions are considered to be about 400,000, which must be added for a total commercial crop of 9.4 million tons.

If the 200,000 tons from the developing sector is added the total crop estimated increases to 9.6 million tons and the average yield to 3.2 tons per hectare, the second highest on record. It can be argued that the cutback in area planted mainly consisted of low potential soils resulting in a proportional increase in the area of high potential soil planted. New varieties also played a role. Farmers were also able to optimize input use as a result of the smaller area. The role of irrigation cannot be ignored. In the Northern Cape, where only irrigated production is possible, 45,500 hectares were planted this year and this is expected to produce 455,000 tons at 10 tons per hectare. Although the area planted under irrigation declined in 2003 due to the dry start to the season, it is estimated that about 150,000 hectares were planted under full or supplemental irrigation, probably producing 1.5 million tons of the total. Because of the decline in total area planted, the irrigated crop plays a proportionally bigger role in the total production.

Since the introduction of the free market system the area planted to corn has dropped about 25% from the recent high of 4 million hectares in 1996 and 40% of the all time high of about 5 million hectares in 1975.

The first planting intentions report was also released on September 20. Based on replies received from producers the expected area to be planted to corn on commercial farms later this year is 2.85 million hectares of which 1.81 million ha. (63%) is earmarked for white corn and 1.04 million ha. is to be planted to yellow corn. The survey shows that producers intend to increase the area planted to white corn by 83,100 ha. (4.8%) compared to the previous season. The area to be planted to yellow corn is expected to increase by 125,300 ha. (13.6%). The following table contains the potential commercial crop scenario, including our revision to the 2003 commercial crop:

CORN	Area 1000 ha.	Yield Mt./ha.	Revised production 1000 mt.	Intentions 1000 ha	Yield Mt./ha.	Forecast production 1000mt.
	FAS 03		My 04/05	FAS 04	Py 04/05	My 05/06
White	1728	3.36	5800	1811	3.1*	5600
Yellow	918	3.92	3600	1043	3.55*	3700
Total	2646	3.55	9400	2854	3.25*	9300

* Average of the past two seasons

Under normal conditions the 2004 crop soon to be planted could yield a crop similar to the current crop. In the summer grain growing areas, however, the new seasons' rainfall to date has been low and the prediction is for below normal rainfall and above normal temperatures into December. Farmers have not yet been able to plant while we are already in the optimum planting window. Any further hot and dry weather could already impact on the potential yield.

Consumption

Commercial deliveries, that is corn delivered to the silos according to the South African Grain Information Service (SAGIS), forms the basis of the commercial supply and distribution.

To correlate the commercial S&D with a specific crop we use the March to February deliveries and not the formal May to April marketing year. The March and April deliveries are then added to the new season's deliveries and deducted from the May 1 carry over. Imports for re-exports, and the relevant stocks, are incorporated in the figures.

The latest commercial PS&D's are summarized below:

FAS 2002 final	My 2003/04	Commercial S&D	
'000 Metric tons	White	Yellow	Total corn
Beginning stocks	1265	680	1945
Estimate	6365	3025	9390
Retentions	165	255	420
Delivery, March/Feb	6200	2770	8970
Imports	60	405	465
Total Supply	7525	3855	11380
Export	1015	110	1125
Dom. Disappearance	4480*	3355	7835
Ending stocks	2030	390	2420

*Including an additional 500,000 tons of white corn used for feed.

FAS 2003 estimate	My 2004/05	Commercial S&D	
'000 Metric tons	White	Yellow	Total
B/Stocks	2030	390	2420
Adjusted crop est.	5750	3650	9400
Farm retentions	150	250	400
Delivery forecast	5600	3400	9000
Imports	0	300	300
Total supply	7630	4090	11720
Exports	700	50	750
Dom. Disappearance	4500*	3400	7900
Ending stocks	2430	640	3070

*Including an additional 500,000 tons of white corn used for feed.

The expected carry over of more than 3 million tons at the end of April 2005 will alleviate price pressure if weather conditions deteriorate. Prices are already increasing as shown in the following table, assisted by an R31.67/ton (\$5.20) import tariff levied on October 8. The tariff is formula driven as explained on the SAGIS website.

Futures prices	March 2005	May 2005	July 2005	December 2004
White corn/mt.				
08/03/04	R1007=\$160.9	R1017=\$162.5		R969=\$154.8
08/27/04	R1076=\$163.5	R1089=\$165.5		R1034=\$157.1
10/04/04	R975=\$151.2	R1000=\$155.0		R935=\$145.00
11/01/04	R1071=\$175.6	R1089=\$178.5	R1100=\$180.3	R1041=\$170.7
Yellow corn/mt.				
08/03/04	R1008=\$161.0	R990=\$158.2		R983=\$157.0
08/27/04	R1070=\$162.6	R1044=\$158.7		R1041=\$158.2
10/04/04	R977=\$151.47	R1000=\$155.04		R965=\$149.61
11/01/04	R1041=\$170.7	R1005=\$164.8	R1010=\$165.6	R1018=\$166.9

Trade

During the 2003/04 May to April marketing season South Africa imported 468,000 tons and exported 1,126,000 tons of corn. This included imports and re-exports.

More than a million tons, 980,000 tons of white and 80,000 tons of yellow, were exported overland to African states, of which a high proportion needed to be GMO free.

Exports during the current MY 2004/05, marketing season are not faring so well. Between May 1 and the end of October 2004 South Africa exported 298,000 tons of corn, or about 50,000 tons per month. If this rate continues the export total for the season could be as low as 600,000 tons, although we still show 750,000 tons in the S&D.

The following table contains South African corn exports between the May 1 and October 29, 2004.

Metric tons	White corn	Yellow Corn	Total corn
Angola	3,456		3,456
Botswana	48,418	4,787	53,205
Kenya*	95,611		95,611
Lesotho	54,159	3,300	57,459
Mozambique	15,336	993	16,329
Namibia	256	7,994	8,250
Swaziland	5,636	9,364	15,000
Zimbabwe	46,475	96	46,571
Madagascar	1,942		1,942
Total	271,289	25,534	297,823

WHEAT

Country Commodity	South Africa, Wheat							
	1000 ha. 1000 mt.	2002 USDA	Revised [Old]	2003 [New]	Estimate USDA	2004 [Old]	Forecast Post	Forecast [New]
Market Year Begin		10/2002		10/2003		10/2004		
Area Harvested		941	941	748	748	850	851	
Beginning Stocks		587	588	898	897	688	612	
Production		2320	2387	1540	1540	2125	1976	
TOTAL Mkt. Yr. Imports		871	870	1200	1278	900	900	
Jul-Jun Imports		1024	831	911	837	900	850	
Jul-Jun Import U.S.		63	59	488	414	0	500	
TOTAL SUPPLY		3778	3845	3638	3715	3713	3488	
TOTAL Mkt. Yr. Exports		310	310	300	379	300	325	
Jul-Jun Exports		331	328	356	320	300	300	
Feed Dom. Consumption		10	12	10	30	10	30	
TOTAL Dom. Consumption		2570	2638	2650	2724	2660	2725	
Ending Stocks		898	897	688	612	753	438	
TOTAL DISTRIBUTION		3778	3845	3638	3715	3713	3488	

Production

The third National Crop Estimates Committee estimate of South Africa's 2004 wheat crop was released on October 20, 2004. According to the estimate the expected crop decreased by 73,825 tons from 2.05 million tons to 1.98 million tons over the past month. The current estimate is still 436,475 tons, or 28.3% higher than the crop for the previous season, mainly due to an increase in area planted. The main producing areas are the Free State, with 712,500 tons or 36% of the total and the Western Cape with 640,800 tons or 32.4%. The main reason for the decrease in the crop estimate over the past month is drought in the Free State and the Western Cape, which affected yields. The following table contains the detailed crop estimate:

Province	Area 2003, ha.	Yield Mt/ha.	Production Metric tons	Area 2004, ha.	Yield Mt/ha.	Production Metric tons
Western Cape	325,000	1.63	530,000	356,000	1.8	640,800
Northern Cape	48,500	5.77	280,000	51,000	5.8	295,800
Free State	320,000	1.5	480,000	375,000	1.9	712,500
Eastern Cape	2,500	3.4	8,500	4,200	3.5	14,700
KwaZulu	7,000	4.56	31,900	6,500	4.55	29,575
Mpumalanga	9,000	4.0	36,000	13,000	5.2	67,600
Limpopo	8,000	4.4	35,000	15,000	4.3	64,500
Gauteng	2,000	4.3	8,600	2,500	4.4	11,000
North West	26,000	5.0	130,000	28,000	5.0	140,000
TOTAL	748,000	2.06	1,540,000	851,200	2.32	1,976,475

Only in the Free State and the Western Cape is wheat mainly grown under dry land conditions, in the other provinces wheat is grown under irrigation, explaining the much higher yields.

The crop will still be insufficient to satisfy domestic demand, currently around 2.7 million tons, and the needs of the region. As a result imports of about 900,000 tons are expected for the 2004/05 season after 1.278 million tons were imported during 2003/04. Preliminary import figures for the 2003/04 season are:

Origin, Metric tons	For Africa	For South Africa	TOTAL, MY2003/04
USA	146,660	413,429	560,089
Canada	13,767	0	13,767
Germany	3,873	12,199	16,072
United Kingdom	0	22,420	22,420
Australia	0	298,504	298,504
Argentina	73,816	268,218	342,034
France	0	25,016	25,016
TOTAL	238,116	1,039,786	1,277,902

During My 2003/04 the US supplied 560,089 tons, or 43.8% of the wheat imported followed by Argentina with 26.8% and Australia with 23.4%.

In October 2004, the first month of the new 2004/05 marketing year, imports amounted to 88,545 tons of which 49,978 tons were supplied by Argentina and 38,567 tons by the US.

The export figures for the 2003/04 season have not been finalized but the preliminary figures are shown in the following table; South Africa, wheat exports, MY 2003/04, October 2003 to end September 2004.

Botswana	88,559
Lesotho	74,656
Swaziland	40,634
Zimbabwe	102,598
Zambia	37,430
Namibia	12,622
TOTAL	356,499

During October 2004 about 20,000 tons were exported.

Futures prices	March 2005	May 2005	November 2004	December 2004
Wheat/mt.				
08/03/04	R1467=\$234.4		R1480=\$236.4	R1445=\$230.8
08/27/04	R1505=\$228.7		R1425=\$216.6	R1476=\$224.3
10/04/04	R1472=\$228.2	R1484=\$230.1	R1440=\$223.3	R1430=\$221.7
11/01/04	R1388=\$227.5	R1425=\$233.6	R1349=\$221.1	R1352=\$221.6

An R18.67/ton import tariff was instituted on August 13, 2004 but the futures prices mainly reflect import parity and the volatile Rand exchange rate.